The City of Takoma Park

Susan Silber, City Attorney
Telephone: 301.891.2200
Fax: 301.891.2206

7000 Carroll Ave., Ste. 200
Takoma Park, MD 20912

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VIA HAND DELIVERY

Board of Directors
Washington Metropolitan Area
Transit Authority
600 Fifth Street NW
Washington, D.C. 20001

Re: Takoma Metro Station Compact Hearing
Docket No. R06-5, Hearing No. 175

Dear Members of the Board:

Enclosed, please find the City of Takoma Park, Maryland, Staff Analysis of the proposed amendment of the Mass Transit Plan regarding the Takoma Metro station, the Summary Appraisal of the Takoma Metro station property prepared for the City of Takoma Park by Lipman Frizzell & Mitchell, LLC, and a Takoma Park Staff Analysis of the Takoma Metro Financial Projections. These submissions complement the binder[1] distributed October 11th, which included a legal Memorandum, Takoma Park City Council Resolutions, the report by transportation consultant Nelson\Nygaard on Transportation Elements/Impact on Transit Users, and testimony by City elected officials.

I am also writing to address comments made by Board Chair Gladys Mack at the Compact Hearing to explain the implications of the enclosed appraisal and financial analysis, and to summarize and emphasize Takoma Park's grave concerns about this Board's action.

At the close of the October 11, 2006, Compact Hearing, Board Chair Gladys Mack indicated that the District of Columbia planning process will provide sufficient review of the proposed joint development project. Ms. Mack ignores the fact that WMATA–not the District of Columbia Office of Planning or Zoning Commission–is responsible for providing mass transit services to the region and ensuring that joint development on WMATA's own property does not

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[1] All submissions are hole-punched so they can be easily added to the binders previously distributed to all Board members. One original of the Appraisal is being provided to the Board as a whole.

interfere with transit functions. The City of Takoma Park has always supported and respected District of Columbia home rule, and its concerns regarding the development of the Takoma Metro station relate only to transit access, which is why it has focused its efforts on the Compact Hearing.

This Board faces a challenge analogous to the Clarksburg experience that scandalized Montgomery County and the Maryland-National Capital Park and Planning Commission. There, the Commission staff had been so identified with the developer's interests, instead of enforcing its own policies and protecting the public interest, that it allowed building dimensions to exceed their legally permissible limits. In this case, WMATA staff, while working closely with EYA for seven years, has focused on EYA's desire to maximize its profits without giving any consideration to the transit functions of the Takoma Metro station. Only after the proposed project came under public scrutiny did the developer begin making adjustments to its proposal to address some of the most glaring inconsistencies between the joint development plan and the Takoma Central District Plan and Takoma Transportation Study. WMATA staff apparently was not concerned that the proposed plan eliminated the Eastern Avenue bus exit expressly required by Ride On or that it reduced by half the number of fully utilized parking spaces existing at the station.

The fundamental problem with the joint development plan is that it requires the sale of over 75% of the land at the station, which hinders local residents' access to transit and leaves absolutely no land for future expansion to meet growing transit demand. This is inconsistent with WMATA's mission of providing mass transit to the region and the requirements of the Federal Transit Administration, which must approve the project, that the project must enhance the transit facility.

The Board must address this fundamental problem. The District of Columbia Office of Planning and the Zoning Commission are unlikely to second guess the Board's determinations as to the transit functions of the station.

Notably, the record from the hearing is clear that the Takoma community's Washington, D.C., and Maryland residents nearly unanimously agree that the proposed joint development project hinders the transit functions of the Takoma Metro station.

For the Board's convenience, I am highlighting several transit related problems with the proposed plan that are the direct result of preserving insufficient land for transit functions. These problems, many of which violate the planning and transportation goals of the Takoma Central District Plan and the recommendations of the Takoma Transportation Study, are discussed in more detail both in the Takoma Park Staff report and in the Nelson\Nygaard study. Examples of transit facility problems caused by reducing the size of the station include:

- reduced buffer to apartments
- reduced parking

- reduced pedestrian area by main entrance
- loss of convenient drop off points
- difficult path to elevator for disabled
- shared bus/car circle
- no land for future expansion
- too few bus bays/lay over spaces
- insufficient Kiss & Ride drop off options that require crossing bus and vehicle lanes
- reduced bicycle storage, access, and circulation
- no coordination with the Metropolitan Branch Trail

All of these deficits cannot be solved completely by delegating them to the DC Office of Planning. This Board should not sell away the land in good conscience until it is sure these transit concerns have been resolved.

In addition to the transit related problems with the proposed joint development project, the project also does not provide WMATA with a reasonable financial return from the sale of the land at the Takoma Metro station, an irreplaceable asset that will only appreciate in value.

The enclosed appraisal demonstrates that WMATA does not receive the fair market value from the sale of the joint development site and that the Federal Transit Administration is unlikely to approve the project in light of the poor financial return.

The FTA must approve the financial return generated by the joint development project. The United States Code requires that a joint development project "provides a fair share of revenue for public transportation." 49 U.S.C. § 5302. The FTA, in evaluating the return on joint development projects, requires that the projects "generate a one-time payment or ongoing revenue stream for transit use, the present value of which equals or exceeds the fair market value of the property." The fair market value of the property may be the "appraised market value as represented either by highest and best use of the property or by highest and best <u>transit</u> use of the property." FTA Circular 5010.1C, "Grant Management Guidelines" Appx. B § 6(b) (October 1, 1998) (emphasis in original).

Under the Joint Development Sales Agreement, WMATA does not receive fair market value for the property. The Appraisal obtained by the City determined the market value of the Takoma station joint development site to be $10,350,000.00 as of October 2, 2006. Under the Sales Agreement, however, EYA would pay only $9,300,000.00 (the $9,030,000.00 purchase price plus approximately $270,000.00 in inflation adjustment) for the property if it is able to build 86 market rate townhouses. Therefore, the sales price is at least $1,050,000.00 below fair market value.

In addition, the EYA joint development proposal does not constitute the highest and best transit use of the property. As discussed above, the cost of reconfiguring and relocating the existing transit facilities, as required by the EYA townhouse joint development proposal with two-car garages, significantly reduces the return that WMATA will receive as a result of the sale of the land at the Takoma station. The costs compelled by this proposal for such massive replacements of the transit facilities, including a two level parking garage, are estimated to be at least $7 million dollars and must be deducted from the projected revenue gains from the plan. The enclosed "Takoma Metro Financial Projections" provides a more detailed financial analysis.

The modest number of residents in the proposed development and the fact that the two car owning residents will not be dependent on public transit limits the increase in ridership to be gained from the project. In contrast, a joint development project with multifamily residential facilities or even townhouses with one or fewer parking spaces per unit, in accordance with the Takoma Central District Plan, would result in higher transit fare revenues from residents of the joint development project while maintaining the current amount of parking spaces and the corresponding parking and transit fare revenue from local park-and-ride customers. Lipman Frizzell & Mitchell found that the sale of the Takoma station property for a midrise multifamily residential development that uses the sites maximum allowable density would result in a market value of $10,375,000.00. Therefore, given the potential to avoid or reduce replacement facility costs and increase parking and fare revenue, such a project would provide a greater one-time payment to WMATA from the sale of the property and a greater revenue stream than the EYA proposal.

Therefore, because the EYA joint development proposal does not provide WMATA with a return equal to the fair market value of the property, and does not constitute the "highest and best transit use" of the property, the FTA likely will not approve the project.

Given the joint development project's negative impact upon the transit functions of the Takoma Metro station and the negligible or possibly non existent financial return to WMATA from the project, the Board should not approve any amendment to the Mass Transit Plan based on the plan before it. Rather, it should withhold action until it is presented with a plan that is consistent with the growing transportation needs of the Takoma community and provides a reasonable financial return.

Very truly yours,

Susan Silber

Susan Silber
City Attorney
City of Takoma Park